GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:4191
ANSWERED ON:11.08.2017
Unspent Funds under CSR
Subbareddy Shri Yerram Venkata

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) the status of implementation of Corporate Social Responsibility (CSR) by various companies mandated under the Companies Act;

(b) whether the Government is aware that all companies have not been able to spend their 100 per cent funds allotted under CSR and if so, the details thereof and the reasons therefor;

(c) the amount of funds left unspent since implementation of CSR under Companies Act; and

(d) whether the Government has devised a monitoring mechanism on pre and post implementation of programmes under CSR so as to ensure full expenditure of funds by companies under CSR and if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE
MINISTRY OF CORPORATE AFFAIRS (SHRI ARJUN RAM MEGHWAL)
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(a) to (d): Section 135 of Companies Act, 2013 requires every company above the specified thresholds of turnover, or net worth, or net profit to spend at least two per cent of the average net profits earned during three immediately preceding financial years on Corporate Social Responsibility (CSR). The section also provides that in case a company fails to spend the specified amount, the Board would specify the reasons for not spending the amount in its report.
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An assessment of CSR expenditure of 5097 companies for financial year 2015-16, indicates that about Rs. 9822 crores have been spent on CSR, as tabulated below:-
CSR Expenditure during 2015-16 (in Rs. Crore)

Sr. No. Company Type Total companies No. of Companies with CSR expenditure No. of Companies with no CSR expenditure Actual CSR expenditure (in Rs. Crore)
1. PSUs 172 103 69 3360
2. Private Sector Companies 4925 2999 1926 6462
Total 5097 3102 1995 9822

The reasons given by companies for not spending/under spending inter-alia are as below:

â€¢ adoption of long term CSR programmes / projects;
â€¢ non-receipt of utilisation certificate from implementing agencies by the year end;
â€¢ difficulty to find suitable implementing agency;
â€¢ delay in formation of CSR committee / implementation of plan / reorientation of CSR Policies etc.;
â€¢ Financial restructuring
â€¢ Incurred loss
â€¢ Technical and Procedural difficulty
â€¢ Projects were in conceptualization stage
â€¢ CSR policy formulation is under process
â€¢ Company were primarily focused on creating suitable organizational capacity to identify and undertake appropriate CSR programs/projects

The Board of the CSR eligible company is empowered under the Act to take decision on the CSR programmes/projects to be undertaken which includes devising of monitoring mechanism on pre and post implementation of such programmes/ project under CSR. Ministry of Corporate Affairs has no role to play in this regard.
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